

MONTANA BOARD OF HOUSING
TERMS AND CONDITIONS OF THE
FIRST-TIME HOMEBUYERS SAVINGS ACCOUNT PROGRAM

January 27,2000 (Revised 02/17/04)

(1) Each Mortgage Loan shall be either insured by FHA under Section 203(b) or 203(k) of the National Housing Act, guaranteed by Rural Development (RD) under Title V of the Housing Act of 1949 or guaranteed by the VA under Section 810, Chapter 37 of Title 38, U.S. Code.

(2) The fixed rate of interest on the Mortgage Loans shall be 5.0% per annum (rate is subject to change at Board's discretion).

(3) The term of the Mortgage Loans shall be 30 years and such Mortgage Loans shall provide for complete amortization by maturity by equal monthly payments of principal and interest.

(4) The Servicer may deduct a monthly servicing fee at the annual rate of three-hundred-seventy-five thousandths of one percent (.375%) of the outstanding principal balance of Mortgage Loan. The servicing fee factor is .075.

(5) The acquisition cost of a Residence being financed by a Mortgage Loan shall include cost of completing the residence and unpaid SID assessments and must not exceed the following:

<u>Area</u>	<u>Existing Home Purchase Price Limit</u>	<u>New Construction Purchase Price Limit</u>	<u>Maximum Mortgage Limit</u>
Statewide	\$160,176	\$189,682	\$160,176

Please note that the mortgage loan cannot exceed the "Maximum Mortgage Limit". Land purchased with the residence shall not exceed the acreage limitation of the Small Tract Financing Act and on new construction, the value of the land is not to exceed 35% of the loan.

(6) The mortgagor shall have been determined eligible for a qualified first-time homebuyers savings account or not have owned a principal residence at any time preceding the date of execution of the Mortgage Loan.

(7) The Residence to be financed shall be occupied as the mortgagor's principal residence, and

no more than 15% of the total area of the residence may be used in a trade or business.

(8) Refinancing of existing Mortgage Loans are not eligible for purchase by the Board. Refinancing of construction period loans or other interim financing which have a term of 24 months or less are not considered refinancing of existing Mortgage Loans.

(9) Recapture tax provisions may apply.

(10) Mortgage Lenders may reserve funds in this program on a loan-by-loan, first-come, first-served basis. An eligible Mortgage Lender desiring to reserve funds must submit (1) the Mortgage Loan Reservation/Confirmation Report (BOH Form 99); (2) a copy of an executed FHA/RD/VA Loan Application or other complete loan application used by the Mortgage Lender; (3) a copy of an executed Buy/Sell Agreement; (4) verification of Annual Family Income; (5) signed Recapture Notice to Mortgagor; (6) RD's Conditional Commitment, if applicable; (7) Veteran's Certificate of Eligibility, if applicable; and (8) signed "Release of Financial Information" document. Upon receipt of such documents and funds, the Board may reserve bond proceeds for 120 days to acquire Mortgage Loans on existing housing and 180 days to acquire Mortgage Loans for new construction. Such period may be extended upon payment of an additional one-fourth of one percent (.25%) for each 30-day extension, which shall only be paid by the Mortgage Lender. If the Mortgage Loan is not acquired by the Board within this time period, a cancellation fee may be imposed except as provided in Section 14 hereof.

(11) For purposes of applying the federal income requirements, the "Actual Gross Annual Income" of a mortgagor is the mortgagor's annualized gross income. Annualized gross income includes the family income of all mortgagors and of all adult persons who reside or intend to reside with such mortgagor in the same Residence (other than persons under 18 years of age). (Exhibit I to the Mortgage Purchase and Servicing Guide) has been provided, to aid Mortgage Lenders in determining income. The maximum family income for all mortgagors in targeted and non-targeted areas, as the case may be, has been established by the Board as set forth in Exhibit A hereto.

(12) The Board will purchase Mortgage Loans at up to one hundred two percent (102%) of the face amount of the Mortgage Loan. The Mortgage Lender may not charge an origination fee or a discount fee since the Board is purchasing the loan at over 100% to provide the funding for those fees.

(13) Permanent mortgage funds are to be used in conjunction with a qualified First-Time Homebuyer Savings Account that was used for down payment and closing costs.

(14) The Board reserves the right to charge a cancellation fee. The one-quarter of one percent (.25%) cancellation fee will not be charged if the FHA, RD or VA property appraisal does not support the loan amount reserved. Mortgage Lenders need to qualify mortgagors before submitting a reservation request, to avoid payment of a cancellation fee.

(15) Mortgage Loans shall be tendered for sale to the Board within 45 days following execution of the note by the mortgagor. If the Mortgage Lender fails to deliver such loans within 45 days after origination, the purchase price will be reduced by one-half of one percent (.5%) for each 30 days the loan is not delivered. To determine the accrued interest for purchase or payoff, multiply

the number of accrual days by the outstanding principal balance, and divide by the 365 day factor 7300.00. Interest on monthly mortgage payments is calculated using the 360 day factor of 7200.00.

(16) Please contact the Board of Housing for reporting instructions. Also, contact the Board of Housing for WIRE and ACH information for remitting mortgage payments and payoffs. The monthly remittances and payoffs can be wired to:

Remittance Instructions
For
Wells Fargo Corporate Trust
Wells Fargo Bank West, N.A.

Wires: Wells Fargo Bank West, N.A.
ABA # 091000019
For Deposit to CK ACCT #0001038377
Servicer (3 digit #)_____
Receipt Code (3 digit #)_____

ACH: Wells Fargo Bank West, N.A.
ABA #091000019
CK ACCT #0001038377
CR ACCT: MT BD OF HSG (Position 55-76; 22 characters)
Servicer(3 digit#)_____ (Position 40-54; 15 characters)
Receipt Code (3 digit #)_____

Send only one ACH remittance (all series combined) for each remittance made during the month. You must complete the MBOH Remittance Detail Fax form listing the individual remittances for each series (even if remitting only one series). E-mail the form to Wells Fargo Bank West **and fax** the form to the Montana Board of Housing. **See the Remittance Detail Fax form for the appropriate e-mail address and fax number.**

If you have any questions, please call Vikki Greedyk, MBOH at 406-841-2856 or vgredyk@state.mt.us

EXHIBIT A
Gross Annual Income Limits by Area
As Adopted February 17, 2004

Area	Small Household**	Large Household***
Billings/Yellowstone	\$53,600	\$61,640
City of Billings (Census Tracts 1 & 3)*	64,320	75,040
Blaine*	57,000	66,500
Choteau Co-Census Tract 9401*	57,000	66,500
Daniels Co-Census Tract 9402*	57,000	66,500
City of Great Falls*	57,000	66,500
Deer Lodge County*	57,000	66,500
Flathead County*	57,000	66,500
Gallatin County	56,000	64,400
Hill County*	57,000	66,500
Jefferson County	53,200	61,180
Lewis & Clark County	55,000	63,250
Mineral County*	57,000	66,500
Missoula County*	63,360	73,920
Rosebud County	47,900	55,085
Sanders County*	57,000	66,500
Sheridan Co-Census Tract 9402*	57,000	66,500
Silver Bow County*	57,000	66,500
Stillwater County	58,900	67,735
Other Counties and Areas	47,500	54,625

*Targeted Areas

**Small household is defined as two persons or less

***Large household is defined as three persons or more